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OO RUEHBI RUEHCI
DE RUEHNE #2655/01 1101036
ZNR UUUUU ZZH
O 201036Z APR 06
FM AMEMBASSY NEW DELHI
TO RUEHC/SECSTATE WASHDC IMMEDIATE 2744
INFO RUEHKT/AMEMBASSY KATHMANDU 5467
RUEHBUL/AMEMBASSY KABUL 2718
RUEHIL/AMEMBASSY ISLAMABAD 7759
RUEHLM/AMEMBASSY COLOMBO 4774
RUEHKA/AMEMBASSY DHAKA 4807
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DEPT PLEASE PASS TO USTR FOR AMBASSADOR HARTWICK, ALSO FOR
OES/SAT

E.O. 12958: N/A

TAGS: [PREL](#) [ETRD](#) [KSTC](#) [ETTC](#) [KSPA](#) [KNNP](#) [IN](#)

SUBJECT: A/USTR HARTWICK DISCUSSES WAY FORWARD ON CSLA

REF: NEW DELHI 1220

¶1. (SBU) Summary: Assistant US Trade Representative Doug Hartwick heard Indian objections to the draft Commercial Space Launch Agreement (CSLA) and explained USG reasoning behind the draft in a meeting with MEA and Indian Space Research Organization (ISRO) interlocutors on April 18. Ambassador Hartwick noted that the market oriented US draft CSLA was much more forward-looking and non-proscriptive than the Russia/Ukraine type of CSLA originally envisaged as part of NSSP. The GOI requested USG consideration of an interim agreement to allow immediate launch of third party satellites containing US components, with negotiations to conclude a broader CSLA to follow, and underline that this would facilitate further progress and help to preserve a positive atmosphere around our revived space relationship. Ambassador Hartwick agreed to consider Indian suggestion but urged Indian side to re-examine U.S. draft in light of these discussions. End Summary.

INDIAN OBJECTIONS TO CSLA

¶2. (SBU) MEA Joint Secretary (Americas) S. Jaishankar started the discussion by outlining two Indian concerns about the CSLA. First, India does not understand the need for a CSLA, as the Technical Safeguards Agreement (TSA) should resolve any security concerns related to space launch. Second, the US has launch arrangements without agreements with other countries including Japan and the EU, and India believes that it should be treated as those countries. He also questioned why commercial satellite services should be linked to the space launch provisions, as satellite services were not specified as part of the Next Steps in Strategic Partnership (NSSP) plan.

US IS TREATING INDIA BETTER THAN IT DID OTHER COUNTRIES

13. (SBU) Ambassador Hartwick explained that while the NSSP originally prescribed a CSLA along the lines of the agreements negotiated with Russia or Ukraine, USTR's January 2006 draft was much simpler and clearer: rather than an "intrusive" text detailing authorized numbers, charges, and types of launches, the current proposal would simply agree on market principles, creating a favorable climate for trade and investment in space launch. However, because India's space sector consists only of a single parastatal organization, some sort of market oriented agreement would be necessary as specified by the NSSP. If India preferred to stick to the letter of NSSP, USTR would be prepared to negotiate a prescriptive text such as the agreements worked out with Russia and Ukraine, Ambassador Hartwick offered, but USTR believes that the growing positive US-India space relationship would be better served with a simpler agreement.

14. (SBU) In response to GOI concerns that satellite services were not part of the original scope for launch agreements, Ambassador Hartwick explained USTR's responsibility to encourage trade broadly, and noted that while US space launch companies with heavier load capability would not compete directly with ISRO or ISRO's commercial spinoff Antrix for launch services, other US satellite services firms would like to enter India's satellite services market, which is largely closed to foreign service providers and controlled by ISRO. The USG would like to use this CSLA to point the direction for a new, collaborative relationship between the US and

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India in space which would grow the satellite use market, Ambassador Hartwick concluded. As this relationship matured and as confidence grew, a CSLA might become redundant, perhaps as soon as three or four years from now.

GOI: MOVE AHEAD ON SATELLITES WITH US COMPONENTS?

15. (SBU) ISRO Scientific Secretary V Sunderamaiah and Antrix Executive Director Sridhara Murthi pointed out that India's immediate concern was to allow Indian launches of foreign satellites containing US components. One objective of NSSP from ISRO's standpoint was to make this possible, Sunderamaiah claimed, and ISRO was concerned by proposals that a satisfactory CSLA could take one to two years of discussions. Even though it had agreed to the TSA, India had already recently lost launch contracts because the payloads contained US components. He proposed reaching quickly some sort of interim understanding that would allow only the launch of third party satellites with US components, pending completion of a full CSLA agreement. Murthi emphasized that commercial opportunities would accrue to US electronic component manufacturers through a quick agreement. He pointed out that Antrix had spent two years trying to work out a viable deal to jointly market a satellite bus with Boeing, but was stymied by US export and launch restrictions. Antrix later decided to work with a European satellite builder instead and has already made two sales, he reported.

LOOKING FOR A WAY TO MOVE FORWARD

16. (SBU) After Deputy Scientific Secretary Rajiv Lochan objected that US commercial interests should not become a new factor in CSLA discussions two years after the NSSP process was put in motion, Ambassador Hartwick assured the GOI interlocutors that while he understood that ISRO would prefer to move ahead on space launches without any agreement, the NSSP and the nature of India's state-run space sector required some agreement to start off and ensure a fair commercial playing field. He welcomed further Indian proposals for a workable CSLA, and promised to consider the

ISRO suggestions with the goal of blending the two sides' positions to create a forward-looking document to enable useful commercial space cooperation. Eventually, he reiterated, the relationship may stabilize to the point where the CSLA would no longer be required.

¶7. (SBU) Jaishankar welcomed Ambassador Hartwick's presentation of USTR's perspective, but noted he intended to raise again with State Department interlocutors New Delhi's judgment that satellite services were beyond the scope of NSSP and we had shifted the goal posts. He requested Ambassador Hartwick to prepare a response to the GOI concerns raised in the meeting in time for Jaishankar's planned May 8-9 visit to Washington. Jaishankar also noted that with the anticipated May 8-11 visit of NASA Administrator Griffin, the Indian press would likely ask the status of progress on commercial space launch. From a "political management" perspective, it was important to show some progress, and at a minimum avoid any appearance of a reversal in the process, he emphasized. He proposed that an agreement to allow Indian launch of third party satellites with US components would demonstrate interim progress while the full CSLA was being finalized. Ambassador Hartwick agreed to consider Jaishankar's suggestions, but noted that the press should be told we were pursuing active discussions to reach a

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satisfactory agreement. He cautioned that it was more important to work out a good CSLA than to meet an artificially imposed deadline to show progress.

COMMENT: LOOKS MORE FEASIBLE NOW

¶8. (SBU) Ambassador Hartwick's interaction with ISRO gave a much-needed push to break the logjam that had stalled any forward progress on the CSLA (reftel). Having begun the process of narrowing our respective starting points, we anticipate we will be able to resume discussions in the coming weeks with a much better (if still uncertain) prospect for reaching speedy agreement.

Participants

¶9. (U) US participants were:

- Ambassador Hartwick
- Geoff Pyatt, PolCouns
- Jai Nair, Poloff (notetaker)

¶10. (U) Indian participants were:

- V. Sunderamaiah, Scientific Secretary, ISRO
- S. Jaishankar, Joint Secretary (Americas), MEA
- Ashutosh Jindal, Joint Secretary (Foreign Trade), MEA
- Rajeev Lochan, Deputy Scientific Secretary, ISRO
- Jacob Ninan, Head of International Affairs, ISRO
- Santosh Jha, Deputy Secretary (Americas), MEA
- Jayant Khobargade, Under Secretary (Disarmament and International Security Affairs), MEA
- K. R. Sridhara Murthi, Executive Director, Antrix Corporation Limited, Department of Space
- Viraj Singh, Under Secretary (Americas), MEA (notetaker)

¶11. (U) Ambassador Hartwick has cleared this message.

¶12. (U) Visit New Delhi's Classified Website:
(<http://www.state.gov/p/sa/newdelhi/>)
BLAKE